

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1255914-0

Total Deleted Page(s) = 2
Page 101 ~ Referral/Consult;
Page 103 ~ Referral/Consult;

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X No Duplication Fee X
X For this Page X
XXXXXXXXXXXXXXXXXXXXXXXXXXXXX

FEDERAL BUREAU OF INVESTIGATION

5/6/83

Date of transcription

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b7C

[redacted]
New York, was interviewed by Special Agent (SA) [redacted]
of the Federal Bureau of Investigation (FBI) and Criminal
Investigator, [redacted] Eastern District of New York
(EDNY) [redacted] provided the following information:

[redacted] advised he was introduced to [redacted]
sometime in the 1960's, by [redacted] father-in-law, a major
contributor to New York Hospital. [redacted] advised that in 1978,
he and [redacted] had attempted to get involved in the movement
of commodities within the maritime industry. He advised it was
his understanding that [redacted] made a commitment to move
commodities for Commercial Metals Corporation, but it was
never fulfilled. [redacted] advised that the Commercial Metals
settlement was approximately \$100,000.00 of which he [redacted]
contributed \$10,000 toward legal fees.

[redacted] stated that he purchased the Brazen Eagle, Panamanian
Registry in February, 1979, financing approximately \$492,500.00
through the Sterling National Bank. He advised that there were
no other guarantors of the vessel. He advised that about this time
he had a informal discussion with [redacted] regarding the joint
ownership and operation of vessels in the commodity field,
however, nothing was formalized.

In April, 1979, [redacted] purchased the Lone Eagle for
approximately \$575,000.00. [redacted] advised he borrowed the funds
from the Irving Trust Company for approximately \$1,642,000.00. He
explained the proceeds were used to pay off the debt from Sterling
National and other outstanding debts which he incurred. He advised
that [redacted] introduced him to the bankers at Irving
Trust.

Investigation on 5/2/83 at Brooklyn, New York File # New York 194-304-75
by [redacted] Date dictated 5/2/83

New York 194-304

Continuation of Interview of [REDACTED]

, Page

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[REDACTED] advised that he had discussions with [REDACTED] and CECIRE regarding NMT, managing the Brazen and Lone Eagle. He advised that at this time his investments in the vessels had appreciated, explaining that [REDACTED] (or Northeast Marine Terminal) (NMT) readily accepted his offer. [REDACTED] described the agreement with NMT as a "Theoretical Commitment". He advised it was his understanding that he and NMT would share profits and losses. He stated that at no time did he ever attempt to hide or impede the ownership of the vessels.

[REDACTED] advised that by the end of 1979, NMT owed him fifty percent investment in the vessels and fifty percent of the losses on the vessels. He advised that in an attempt to secure refinancing, [REDACTED] contacted the Bank Leumi. He stated that although corporate resolutions and signature cards were signed, the loan was never completed against the vessels. He advised that he never discussed this with a lawyer or an accountant.

[REDACTED] recalled a conversation he had with [REDACTED] concerning NMT's plans to purchase or lease new equipment to replace obsolete machinery. He advised that after a review of an amortization schedule (drawn up by NMT) he subsequently entered into two leaseback agreements with NMT. [REDACTED] stated that at no time did he have a recollection that prior to entering into the second lease was there any link to the vessel transactions. He advised that in February, 1980, he entered into a lease agreement, whose effective date was listed as 12-79. He advised there was no significance that he took a loan from the Sterling Bank account to operate the vessels rather than the loan proceeds going to NMT to purchase the equipment. [REDACTED] advised he did not specifically recall the money going to the account to operate the vessels.

[REDACTED] advised that he did not recall any employee from NMT ever calling up and asking him to clean up the advances made by NMT. He additionally did not recall the \$213,000.00 wire transfer. [REDACTED] advised he was not aware that NMT wrote off \$450,000.00 as a loss on the ship.

[illegible]

Field File No. _____

OO and File No. 194-304-18

Date Received _____

From _____

(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By _____

(AGENT)

To Be Returned ☐ Yes

☒ No

☐ Yes

☒ No

Receipt Given ☐ Yes

☒ No

Grand Jury Material-
Disseminate Only
Pursuant to Rules
6(e), Federal Rules
of Criminal Procedure

Description:

FD 302

Dated 5-2-83

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b7C

5/2/83

b6
b7C

9 AM

- [redacted] - Transact on 700 others.
- No Transact relating to ship of him prior to 1980.
- Not aware of his [redacted] interest in ships. Personally on business entity.
- Not aware of vessel before Court.
- Commercial Metals - [redacted] agreed to move some cases for the company.
- [redacted] & he were attempting to get into the movement of commodities.
- [redacted] to be contributed \$10,000 to the lawyers fees.
- Settlement \$10,000.
- [redacted] Had theoretical partnership in shipping business to move in commodities.
- Didn't know in 1977 that [redacted] had purchase interest in RMT.
- In a letter 2/79, had discussion with [redacted] re the joint ownership & operation of vessels to move commodities.
- Informal discussion / casual.
- 2/79 [redacted] Time was aware that [redacted] was at least principal of RMT was looking to increase business @ Terminal.
- Thought [redacted] was aware of Terminal.
- Thought [redacted] was substantial financial person - stable.
- [redacted] Discussed this business with [redacted].
- Not aware of any agreement.

- vessel
never discussed with [redacted]
about ~~the~~ a problem with
NMT owning or operating ships.
[redacted] in fact ~~not~~ went on
to get "Penny" to get mortgages.
Didn't run it by a
[redacted] or accountant.
- Every term goal over to
run and operate, ~~and~~ number of
- interest in ~~ownership~~
- The Bank Penny signature
as a / ~~logarithm~~ revolution
not a reflection of private
ownership of [redacted] as opposed
to NMT.
- never completed loan against
ships or Penny.
- [redacted] attempt to hide
or ~~conceal~~ the ownership of vessels.
- They only one
to the contrary always told
anyone who asked that he / NMT
had ownership & operation of
ships.
- Partnership included sharing
of profits & losses &
- ~~commercial~~ deal came about
7/8/79.
- ~~By~~ The end of 1979 - ~~the~~
NMT owed him 1/2 ship & 1/2
losses on ships.
- Does & know what other banks
[redacted] NMT went to
- told him of a Chinese for
- ~~subsequent~~ ~~relationship~~ believes
that he had conversation with
[redacted]

2nd Case

- [] told him airt needed
to ~~replace~~ replace its equipment &
that RMT was going to purchase
a large other equipment.

*This case which was caused at
re & money being \$147 share
of profits attention & ownership*

that NOT had sent and
"have on the ships."

9/5/50

From 4 small early study
related to Pinner Castle

why letter doesn't reflect
have copy on other things.
Dress & 10.11

for or to clean up evidence
~~of it~~ to me or my!

11/28/74 - Scrap Value - \$900,000

Don't recall money sent to
agents, clerks in

11/74 - 1/2 No significance A. That fact
During this particular time
was attempting to sell vessels.
Had numerous x-bro
to sell vessels

Had committed re: the owning
money re. Re Represent X owning
in ships.

6/9/80

8 1/2 million value
~~There is~~ an frozen case
source high.
6/14/80 - [redacted] the value of a ship's
[redacted] signature. [redacted] [redacted]
[redacted] not sure if he ever read it
why he did & gave him the money that day
1st equipment - figured to lease
equipment 3/79
2nd lease also 3/79.

That related to # on ships.

1/5/80 - Name [redacted] letter - type
by [redacted] his secretary,
not in language -
his signature -
Chances didn't even read
letter.

8/2/80 - Frozen case - sold - @ time
owned by [redacted] [redacted]
1/2 Car & Boat Ship
1/2 Apartment [redacted] of Boat Ship's.
Contacted with [redacted] the [redacted] & [redacted]
~~There is~~
Case Case seized.

1/80 - [redacted] - [redacted] one - investor
90,000 } [redacted] [redacted]
180,000 } [redacted] [redacted]
[redacted] [redacted] in Shipping
office.

(b)
[redacted] conversation re: Investment
in Venture - never put up any
money.
- but aware of looking entries -

FD-340 REV. (6-14-77)

Field File No.

194-304-1A19

OO and File No.

Date Received

5-18-83

From

(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By

To Be Returned

☐

Yes

Receipt Given

☐

Yes

☒

No

☒

No

Description:

Legislative Printout
Library of Congress

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b7C

H.R. 6899

3 REVISED DIGESTS AS OF 07/24/80

(CG96) 03/24/80

Rep Murphy, J., et al.

Referred to more than one committee

SUMMARY:

ITEM 215 OF 261 IN SET 1

(Abstract as introduced):

Revises the economic regulation of international ocean shipping. Exempts specified ocean shipper and carrier agreements from the antitrust laws.

Amends the Merchant Marine Act, 1936, to revise the construction-differential and operating-differential subsidies. Directs the Secretary of Commerce to preserve and promote the maritime shipping interests of the United States.

Amends the Internal Revenue Code to revise the tax treatment of income derived from maritime shipping.

Amends the Intercoastal Shipping Act, 1933, in regard to specified shipping rates and tariffs.

CHRONOLOGY OF ACTIONS:

07/24/80 H000000 Reported to House from the Committee on Ways and Means with amendment, H. Rept. 96-935 (Part IV)

06/20/80 H000000 Reported to House from the Committee on the Judiciary with amendment, H. Rept. 96-935 (Part III)

06/17/80 H000012 Committee on Foreign Affairs discharged in House

03/16/80 H000070 Reported to House from the Committee on Merchant Marine and Fisheries

PAGE 1 OF 2. READY FOR COMMAND. OPTION OR PG £(FOR NXT PG, XNIT):

H.R. 6899 (CG96) continued:

Fisheries, H. Rept. 96-935 (Part II)

03/09/80 H000010 Referred jointly to House Committees on Foreign Affairs; and the Judiciary

03/03/80 H000000 Reported to House from the Committee on Merchant Marine and Fisheries with amendments, H. Rept. 96-935

SUMM. PAGE 2 OF 2. READY FOR NEW COMMAND. OPTION OR PG £:

H.R.2104

Rep Biaggi

SUMMARY:

(Abstract as introduced):

Amends the Shipping Act, 1916, to limit the number of sailings a common carrier by water in foreign commerce which is not a party to an agreement filed with the Federal Maritime Commission may provide or participate in within a prescribed period,

Provides for the independent policing of compliance with obligations incurred or agreements made pursuant to such Act,

CHRONOLOGY OF ACTIONS:

***** CHRN NONE *****

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

(CG95) 02/12/79

House Merchant Marine and Fisheries
ITEM 59 OF 261 IN SET 1

H.R.4416

Rep Akaka

(CROSS REFERENCE BILLS EXIST)

SUMMARY:

(Abstract as introduced):

Stipulates that the steamship United States may operate in the domestic and foreign commerce of the United States and between foreign ports,

CHRONOLOGY OF ACTIONS:

***** CHRN NONE *****

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

(CG96) 06/11/79

House Merchant Marine and Fisheries

ITEM 117 OF 261 IN SET 1

H.R.4769

Rep Murphy, J., et al,

SUMMARY:

(Abstract as introduced):

(CG96) 07/12/79

Referred to more than one committee
ITEM 129 OF 261 IN SET 1

H.R. 4781

(CG96) 07/12/79

Rep. Murphy, J. et al.

Referred to more than one committee

SUMMARY:

ITEM 129 OF 261 IN SET 1

(Abstract as introduced):

Revises the economic regulation of international ocean shipping. Exempts specified ocean shipper and carrier agreements from the antitrust laws.

Amends the Merchant Marine Act, 1936, to revise the construction-differential and operating-differential subsidies. Directs the Secretary of Commerce to establish shipbuilding efficiency standards.

Amends the Internal Revenue Code to revise the tax treatment of income derived from shipping.

Directs the President to submit a reorganization plan which shall establish a Deputy Special Representative for Maritime Affairs within the Office of the Special Representative for Trade Negotiations.

CHRONOLOGY OF ACTIONS:

***** CHRN NONE *****

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

H.R. 4945

(CG96) 07/24/79

Rep. Murphy, J.

House Merchant Marine and Fisheries

(CROSS REFERENCE BILLS EXIST)

SUMMARY:

ITEM 133 OF 261 IN SET 1

(Abstract as introduced):

Amends the Merchant Marine Act, 1936, to: (1) shorten the minimum United States documentation period for dry bulk cargo vessels; (2) allow such vessels which are receiving an operating-differential subsidy to perform repairs outside of the United States or Puerto Rico; and (3) remove the provision of law which prohibits individuals who are receiving an operating-differential subsidy or who are chartering vessels owned by the Department of Commerce from operating or acting as an agent for any foreign-flag dry bulk cargo vessel which competes with American carriers.

CHRONOLOGY OF ACTIONS:

***** CHRN NONE *****

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

H.R. 5145

(CG96) 08/02/79

Rep. Tribble, et al.

House Merchant Marine and Fisheries

SUMMARY:

ITEM 148 OF 261 IN SET 1

(Abstract as introduced):

Amends the Merchant Marine Act, 1936, to establish a financial assistance program for the construction and operation of vessels to be used in essential bulk cargo carrying services. Entitles such vessels to engage in all domestic trades without restriction and allows such vessels to enter or leave the domestic trade upon appropriate notice.

Reduces the minimum United States' documentation period for vessels which have received a construction-differential subsidy.

CHRONOLOGY OF ACTIONS:

***** CHRN NONE *****

Program for the construction and operation of vessels to be used in essential bulk cargo carrying services. Entitles such vessels to engage in all domestic trades without restriction and allows such vessels to enter or leave the domestic trade upon appropriate notice.

Reduces the minimum United States' documentation period for vessels which have received a construction-differential subsidy.

CHRONOLOGY OF ACTIONS:

***** CHRN NONE *****

PAGE 1 OF 1. READY FOR NEW COMMAND OR NEW OPTION:

H.R. 5913

(CG96) 11/15/79

Rep MURPHY, J.

House Merchant Marine and Fisheries

CROSS REFERENCE BILLS EXIST:

Public Law 96-210 (83/17/88)

SUMMARY:

ITEM 175 OF 261 IN SET 1

(Abstract as introduced):

Amends the Merchant Marine Act, 1936, to extend the construction-differential subsidy for the construction of new vessels to be used in the foreign commerce of the United States.-

CHRONOLOGY OF ACTIONS:

83/17/88 fact050 Public Law 96-210

83/07/88 fact086 Measure presented to President

03/06/88 fact084 Measure enrolled in Senate

03/06/88 fact082 Measure enrolled in House

03/03/88 fact130 Measure passed Senate

03/03/88 fact080 Measure considered in Senate

03/03/88 fact032 Measure called up by unanimous consent in Senate

82/12/88 fact074 Measure passed House, roll call 446 (324-36)

82/12/88 fact050 Measure considered in House

82/11/88 fact050 Measure considered in House

82/11/88 fact043 Measure called up under motion to suspend rules and pass in

PAGE 1 OF 2. READY FOR COMMAND, OPTION OR PG 2 (FOR NXT PG. XMIT):

H.R. 5913 (CG96) continued:

House

81/28/88 fact070 Reported to House from the Committee on Merchant Marine and Fisheries, H. Rept. 96-739

END. PAGE 2 OF 2. READY FOR NEW COMMAND, OPTION OR PG 2:

194-304-1A18

194-304-1A18

Field File No. NY 194-304-20

OO and File No. _____

Date Received 5-18-83

From _____

(ADDRESS OF CONTRIBUTOR)

By _____

To Be Returned ☐ Yes☒ No☐ Yes☐ NoReceipt Given ☐ Yes☒ NoGrand Jury Material-
Disseminate Only
Pursuant to Rules
6(e), Federal Rules
of Criminal Procedure

Description:

Personal notes of
interview
General Counsel Dist. of Transp.b6
b7C

[redacted]
[redacted] Deshpande

submitting for review the

- obs = Puty the difference

- Several different kinds - eg.

Deck officers

- Engineer offices. etc.

- Prison -

① ~~Make~~ U.S.

Mustine against the competitive.

② must be citizens

W.H.S.

of H.S. - Merchant Marine Act of 1936
is authority.

Instruction Rules.

Instruction Rules.
- Differential between And to
should here + in Foreign -
+ Also given + guaranteed
shown -

Capital Investment Fund

Capital Investment Fund
to fund ⁽¹⁾ deposit - representation
ships.

Contract details restructure for
receipt of sub returns.

receipt of ^{these returns}
 - Saturday - Paid on regular basis on
 vouchers -

Act -

Section 804. - American
Foreign Flag - Participation.

U.S. Flag - Documented by
U.S. Coast Guard.

ASO - 1972 - Docket - Burger

Never imposed penalties for
anyone under Sec. 804 of the Maritime
Act.

Domestic Trade - Jones Act - 1920 -
- Virgin Island Exception -

- Could Trade

F.M.C.

Maritime Commission

- Independent Regulatory Body
5 Commissioners appointed by President
State / Offshore / Foreign / Domestic
Authorities

Regulate - Common
Carrier Staff -

Specified for nothing for
As of Maritime Commission

Maritime Comm. 1961

Promotional Activities of
Shipping Business -

- Industries

- Merchant Marine Academy

- Port Development.

Merchant Marine & Fisheries

① Legislation & Oversight on
Merchant Marine, Ports, Coast Guard,
Panama Canal, Air Policy etc.

② Legislation - House of Rep.
amendment to 1936 Act.
Sent to Port & Commerce Committee.

③ Senate - ~~Transportation~~
Commerce & Service -
they had a sub committee on
Merchant Marine & Tourism.

194-304-1A20

FD-340 REV. (6-14-77)

Field File No.

194-304-21

OO and File No.

Date Received

8-24-83

From

(NAME OF CONTRIBUTOR)

(ADDRESS OF CONTRIBUTOR)

By

To Be Returned

☐

Yes

Receipt Given

☐

Yes

☐

No

☐

No

Description:

Notes of interview of
on 8-24-83

b6
b7C

8/24/83

①

194-304-1A^{b6}
b7C

part time 1971 until

Nov '75 - President / Chief Executive Officer
Chairman of Board of Directors of
time

- To put on offer this -
- Chief Executive Officer - for 3 months
- N.E.M.T.

- Joseph Cerise - head of

- Under to want to work
full time. (Knew him at least 20 years
as colleague & competitor)

- Tried to get a part
time

business - [redacted] F.V. Cerise

and the person that he introduced
his clients to - / arranged
them -

- Then wrote them a
letter

- Visited it a lot - signed
it

- Then for over
visited - J. Cerise

[redacted]

- "Hello & Goodbye"

- Have an idea of
arrangement

- Monthly commitment
\$200 per month - flat fee -

- Never talked about
business or business developed

- From a small who
arrangement was terminated

- Could not get from
any business - "Nothing to do"

- Most of the people thought
[redacted] was an idiot

- never held any other position &
jobs. Always employed @ WMT

- Then under [redacted] - staff of

Marine Committee (for 8 or 9 years then)
could have been some members
- but job then [redacted]

b6
b7C

- not aware of any other side
employment ~~or other~~ restriction
- ~~the~~ Marie [redacted] suggested to [redacted] sell his
stock. - Pacific

- Doan & think would aware
of his WMT employment

- Doan if he disclosed his
WMT employment on disclosure form

- hired by Committee - Pacific
Future of American [redacted]

- knew he would be there only a
little while

- knew [redacted] for many
years

ed. [redacted] of N.Y. Part of Terminal
part but [redacted] together
which resulted at Comm. job

- not aware of [redacted] wanted
or had interest in Terminal
in Parent Cos. or in Navajo de
the never had interest in
[redacted]

[redacted] not involved or aware

- A.P.A. Trucking was going to be a
major supplier in Pacific F.O. but
never - President [redacted] his name
[redacted] - never N.Y.

- Not aware [redacted] interested in purchase of American Express line
- Not aware that [redacted] had any interest in PMT
- [redacted] good friend - No interest in PMT
- PMT went out of business because Prudential Finance didn't pay them because they didn't have the money
- Not aware that [redacted] received any money from PMT
- [redacted] knows Berger & just socially brought him & Berger together
- Berger interested in "murder" re: American Express line
- Not aware of Berger or his special relationship with Staff of Comm.
- Not familiar w/ Patti & Terrence Commission Mastrom.
- [redacted] Alaska Grand Jury. re: [redacted]
- Attorney for appearance - working in Canyon
- Think Curio called him - also asked him to run PMT - when he was putting the deal together
- Not aware of anyone asking Curio to call him.

FBI

TRANSMIT VIA:

☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☒ UNCLAS

Date 5/13/83

FM NEW YORK (194-304) (M-12)

TO ~~DIRECTOR~~ ROUTINE

ATTN: PUBLIC CORRUPTION UNIT, WCC SECTION

BT

U N C L A S

STEAMCORE, HOBBS ACT-CPO; BRIBERY, OO: NEW YORK.

THE INFORMATION BELOW PROVIDED BY [REDACTED] IS SINGULAR.
 EXTREME CARE MUST BE EXERCISED IN ITS USE/DISSEMINATION.

THIS CONCERNS ALLEGATIONS THAT PAYOFFS MAY HAVE BEEN MADE
 BY AVON STEAMSHIP COMPANY, LONG ISLAND, NEW YORK, TO CONGRESSMAN
 MARIO BIAGGI, 10TH CONGRESSIONAL DISTRICT, NEW YORK (CHAIRMAN,
 MERCHANT MARINE SUBCOMMITTEE AND MEMBER MERCHANT MARINE AND
 FISHERIES COMMITTEE), OTHER GOVERNMENT AND UNION OFFICIALS IN
 ORDER TO OBTAIN FEDERAL MARITIME SUBSIDIES.

ACCORDING TO [REDACTED]

[REDACTED] AVON STEAMSHIP AND NORTHEAST MARINE, NEW YORK,
 MAY HAVE SPECIFIC KNOWLEDGE THAT LEON HESS (HESS PETROLEUM) AND

1-NEW YORK
 1-SUPV. #M-12

NAO:mr
 (2)

194-304-76

SEARCHED _____	INDEXED _____
SERIALIZED _____	FILED _____
MAY 16 1983	

Approved: [Signature]Transmitted HO 0042

(Number)

(Time)

Per Ka 4

FBI

TRANSMIT VIA:

- ☐ Teletype
- ☐ Facsimile
- ☐ _____

PRECEDENCE:

- ☐ Immediate
- ☐ Priority
- ☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
- ☐ SECRET
- ☐ CONFIDENTIAL
- ☐ UNCLAS E F T O
- ☐ UNCLAS

Date _____

PAGE TWO U N C L A S

AVON

IS OWNED BY LEO BERGER

IS ALSO A

NORTHEAST MARINE.)

REPORTEDLY, AVON/HESS

(JESSE CALHOUN IS PRESIDENT

AND LEON SHAPIRO IS SECRETARY/TREASURER OF MEBA, WASHINGTON, DC.)

HESS

AVON

CALHOUN TO CONGRESSMAN

BIAGGI, OTHER GOVERNMENT OFFICIALS AND UNION OFFICIALS

O

WAS INTERVIEWED BY BUAGENTS.

ALTHOUGH HE EXPRESSED A WILLINGNESS TO COOPERATE, HE WAS EVASIVE

Approved: _____ Transmitted _____ Per _____

(Number) (Time)

b6
b7C
b7D

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

PAGE THREE U N C L A S

b6
b7C
b7D

[REDACTED] ADVISED THAT HESS OIL HAS A REFINERY OPERATION IN ST. CROIX (US TERRITORY). HESS SECURED AN EXECUTIVE ORDER EXEMPTING HIM FROM USING US FLAGSHIP TO TRANSPORT OIL (FROM ST. CROIX TO US MAINLAND). BILLS WERE BROUGHT BEFORE CONGRESS TO REVOKE THE EXEMPTION. WHEN HESS CHARTERED AVON SHIPS TO TRANSPORT THE OIL, THIS CHARTER ARRANGEMENT DIFFUSED CONGRESSIONAL ACTION.

NOTWITHSTANDING ABOVE PRELIMINARY VIEWS REGARDING [REDACTED]

[REDACTED] AVON/

HESS CHARGER ARRANGEMENTS, SAC, CRIMINAL DIVISION, RECOMMENDS THAT SA [REDACTED] RAVEL TO WASHINGTON, DC, FOR THE PURPOSE OF REVIEWING NUMEROUS DOCUMENTS CONSIDERED ESSENTIAL TO CONDUCT UPCOMING INTERVIEWS AND WHICH WILL FURTHER CORROBORATE INFORMANT INFORMATION TO DATE. AUSUA [REDACTED] EDNY, CONCUR WITH TRAVEL PLANS.

Approved: _____ Transmitted _____ (Number) (Time) Per _____

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date _____

PAGE FOUR U N C L A S

WITH THE CONCURRENCE OF SAC, WFO, AND FBIHQ, SA WILL
TRAVEL TO WASHINGTON, DC, TENTATIVELY ON MAY 18, 1983, RETURNING
MAY 19, 1983.

BT

b6
b7c

#

Approved: _____ Transmitted _____ (Number) (Time) Per _____

NY0556 134 0042Z

RR HQ

DE NY 021

R 131930 MAY 83

FM NEW YORK (194-304) (M-12)

TO DIRECTOR ROUTINE

ATTN: PUBLIC CORRUPTION UNIT, WCC SECTION

BT

U N C L A S

STEAMCORE, HOBBS ACT-CPO; BRIBERY, OO: NEW YORK.

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MERCHANT MARINE SUBCOMMITTEE AND MEMBER MERCHANT MARINE AND
FISHERIES COMMITTEE), OTHER GOVERNMENT AND UNION OFFICIALS IN
ORDER TO OBTAIN FEDERAL MARITIME SUBSIDIES.

[REDACTED]
[REDACTED] AVON STEAMSHIP AND NORTHEAST MARINE, NEW YORK,

MAY HAVE SPECIFIC KNOWLEDGE THAT LEON HESS (HESS PETER)

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 16 1983	
FBI - NEW YORK	

194-304-76

b6
b7C
b7D

PAGE TWO U N C L A S

AVON

b6
b7C
b7D

IS OWNED BY LEO BERGER AND

CAVON

NORTHEAST MARINE.)

REPORTEDLY, AVON/HESS

(JESSE CALHOUN IS PRESIDENT
AND LEON SHAPIRO IS SECRETARY/TREASURER OF MEBA, WASHINGTON, DC.)

HESS

AVON

CALHOUN TO CONGRESSMAN
DIAGGI, OTHER GOVERNMENT OFFICIALS AND UNION OFFICIALS

ON

WAS INTERVIEWED BY BUAGENTS.

ALTHOUGH HE EXPRESSED A WILLINGNESS TO COOPERATE, HE WAS EVASIVE

PAGE THREE U N C L A S

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b7D

[REDACTED] ADVISED THAT HESS OIL HAS A REFINERY OPERATION IN ST. CROIX (US TERRITORY). HESS SECURED AN EXECUTIVE ORDER EXEMPTING HIM FROM USING US FLAGSHIP TO TRANSPORT OIL (FROM ST. CROIX TO US MAINLAND). BILLS WERE BROUGHT BEFORE CONGRESS TO REVOKE THE EXEMPTION. WHEN HESS CHARTERED AVON SHIPS TO TRANSPORT THE OIL, THIS CHARTER ARRANGEMENT DIFFUSED CONGRESSIONAL ACTION.

NOTWITHSTANDING ABOVE PRELIMINARY VIEWS REGARDING [REDACTED]

[REDACTED] AVON/

HESS CHARGER ARRANGEMENTS, SAC, CRIMINAL DIVISION, RECOMMENDS THAT SA [REDACTED] TRAVEL TO WASHINGTON, DC, FOR THE PURPOSE OF REVIEWING NUMEROUS DOCUMENTS CONSIDERED ESSENTIAL TO CONDUCT UPCOMING INTERVIEWS AND WHICH WILL FURTHER CORROBORATE INFORMANT INFORMATION TO DATE. AUSA [REDACTED] EDNY, CONCUR WITH TRAVEL PLANS.

PAGE FOUR U N C L A S

WITH THE CONCURRENCE OF SAC, WFO, AND FBIHQ, SA WILL
TRAVEL TO WASHINGTON, DC, TENTATIVELY ON MAY 18, 1983, RETURNING
MAY 19, 1983.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription
3/22/83

1

[redacted] Northeast Marine Terminal (NMT), 2 Rockford Drive, West Nyack, telephone number (914) 358-9117, was interviewed by Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI), and [redacted] Criminal Investigator, Eastern District of New York. [redacted] provided the following information:

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[redacted] advised that in 1979 he was not aware that [redacted] or JOSEPH CECIRE, either individually or on behalf of NMT, had entered into any agreement to own and/or operate any vessels. He advised that he learned of the joint venture at a creditors committee meeting in March or April of 1982. [redacted] advised that around that time, letters had surfaced regarding the vessel transactions with [redacted] (with the exception of the letters described as the 1980 January and December letters).

[redacted] advised that when he questioned [redacted] about the vessels [redacted] that they had initially agreed to share in the profits of the vessels; it was only after a period of time they had agreed to share in the losses. [redacted] that he was unsure as to whether they had an interest in ownership, or if there were one or two vessels involved. [redacted] advised that [redacted] inability to recall a \$330,000.00 transaction at the creditors committee meeting was very embarrassing. [redacted] advised that [redacted] did not make that many large transactions to forget one of this caliber.

[redacted] advised that in April, 1982, [redacted] attended another creditors meeting. At this meeting, [redacted] produced the January 15, 1980, and December 15, 1980, letters. [redacted] advised that this agreement was a "handshake type deal." At this meeting [redacted] advised that the second lease with NMT was entered into to cover NMT's interest in the vessels.

In June, 1982, a meeting was held at the offices of Levin and Weintraub, 225 Broadway, New York, for the purpose of getting the facts surrounding the second lease. [redacted] advised

Interviewed on 3/10/83 at New York, New York

File # NY 144-304-77

B [redacted]

Date Dictated 3/16/83

NY

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that he, [redacted] CECIRE, [redacted] and his attorney, [redacted] (PH), attended. [redacted] presented his version of the agreement in response to [redacted] question. [redacted] advised that he, JOSEPH CECIRE, and [redacted] got together and determined that they CECIRE and [redacted] wanted to get into vessels. [redacted] advised that the original agreement was the sharing of profits in exchange for ship management.

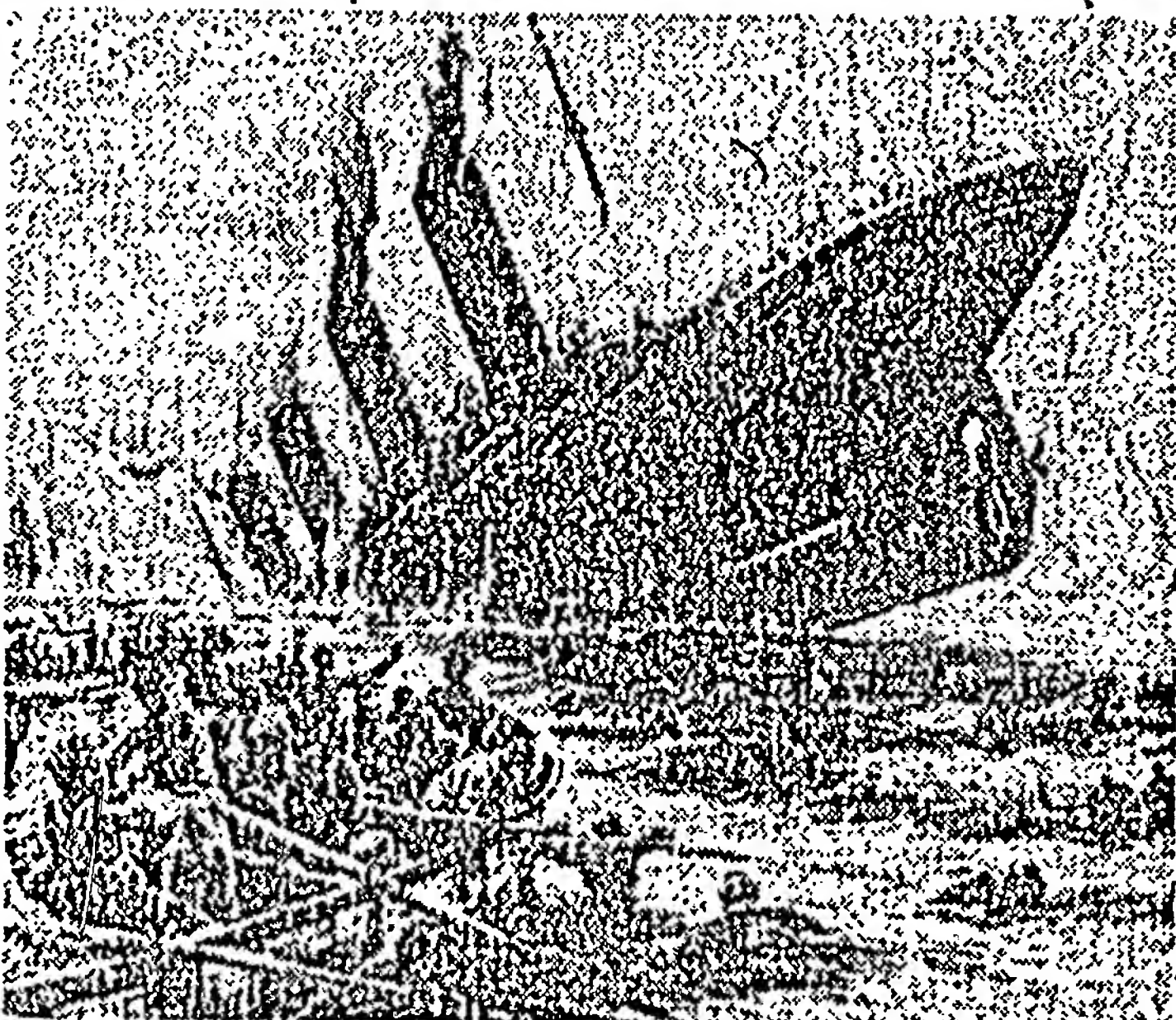
b6
b7C

[redacted] advised Nicholas Nicholson of New York (NN of NY) was formed and operated without his knowledge or consent. [redacted] advised that at some point when [redacted] was losing money, he [redacted] went back to [redacted] and CECIRE and told them they would have to share in the profits and losses. [redacted] explained that he continued to harass [redacted] and CECIRE for money to invest in the vessels. [redacted] stated that it was at this point that he was asked by [redacted] to go into the (second) lease. [redacted] advised that it was his best recollection that [redacted] never referred to the money as being NMT money when discussing the investment in the vessels.

[redacted] advised that he had a conversation regarding the joint venture with [redacted] advised that [redacted] confided in him shortly after a telephone conversation with [redacted] in which [redacted] told [redacted] that "the receiveable was paid to his partners." [redacted] advised he instructed [redacted] to get an authorization every time Sterling National Bank is paid (monthly lease payments), and not to change the accounts receiveable on the corporate books.

[redacted] advised that [redacted] was hired by [redacted] to do whatever he [redacted] wanted. [redacted] advised that [redacted] was involved with NN of NY.

Monday, April 11, 1983

INSIDE: MARITIME AGENCIES

The sinking of the Titanic in the North Atlantic, as drawn by Willy Stoewer.

Titanic II Investigation

'Just Tip of the Iceberg'

The freight-tariff filings and cargo-preference disputes that make up the daily business of the Federal Maritime Commission don't provide much in the way of mirth, but the staff is enjoying a few laughs over the commission's attempt to investigate the Titanic.

Actually, the inquiry is about the Titanic II, the name that a couple of San Diego entrepreneurs gave a 600-passenger ship they apparently were planning to use in a commemorative voyage to recreate—minus the disaster, of course—the trip of the great Cunard liner.

According to an official commission complaint, Terry Marler and James Beasley formed Titanic Steamship Co. and in 1981 "advertised or offered passage from U.S. ports" without having obtained the required certificate of financial responsibility.

Marler did not return a call to the insurance brokerage firm he and Beasley run. San Diego port officials say no ship named the Titanic II ever put in there.

Below)

Washington Post
4-11-83

WASHINGTON POST

The original Titanic sank on April 15, 1912, when it struck an iceberg in the North Atlantic on its maiden voyage. More than 1,500 lives were lost in the most famous shipwreck of all time.

Naturally, the wits at Maritime are calling the current case "just the tip of the iceberg."

NO LEVITY IN LOANS, ALAS . . . There's less to laugh about in the reports from the Maritime Administration (Marad), which has become an unlikely victim of the long slump in oil drilling activity caused by the worldwide oil surplus.

The connection between Marad and the troubled oil business is not as remote as it might seem. Offshore drilling rigs and the boats that service them are constructed in shipyards, and many of them were financed through loans guaranteed by Marad.

Marad now faces the prospect of acquiring title to rigs and service boats for which there may be little market. When drillers go broke, they stop making payments on their loans. The banks that issued securities to raise the loan capital then invoke the federal guarantee, and Marad has to pay up.

To avoid foreclosure, Marad, which has more than \$1 billion in rig guarantees outstanding, has begun making payments on some of the loans. In the biggest transaction so far, Marad made \$1.4 million in interest payments owed by Houtech Ltd. of Houston. If the rigs ever go back to work, Houtech will repay Marad the \$1.4 million, plus interest compounded at 15.8 percent a year. If drilling never resumes at its former pace, Marad may end up owning scrap steel parked in the Gulf of Mexico.

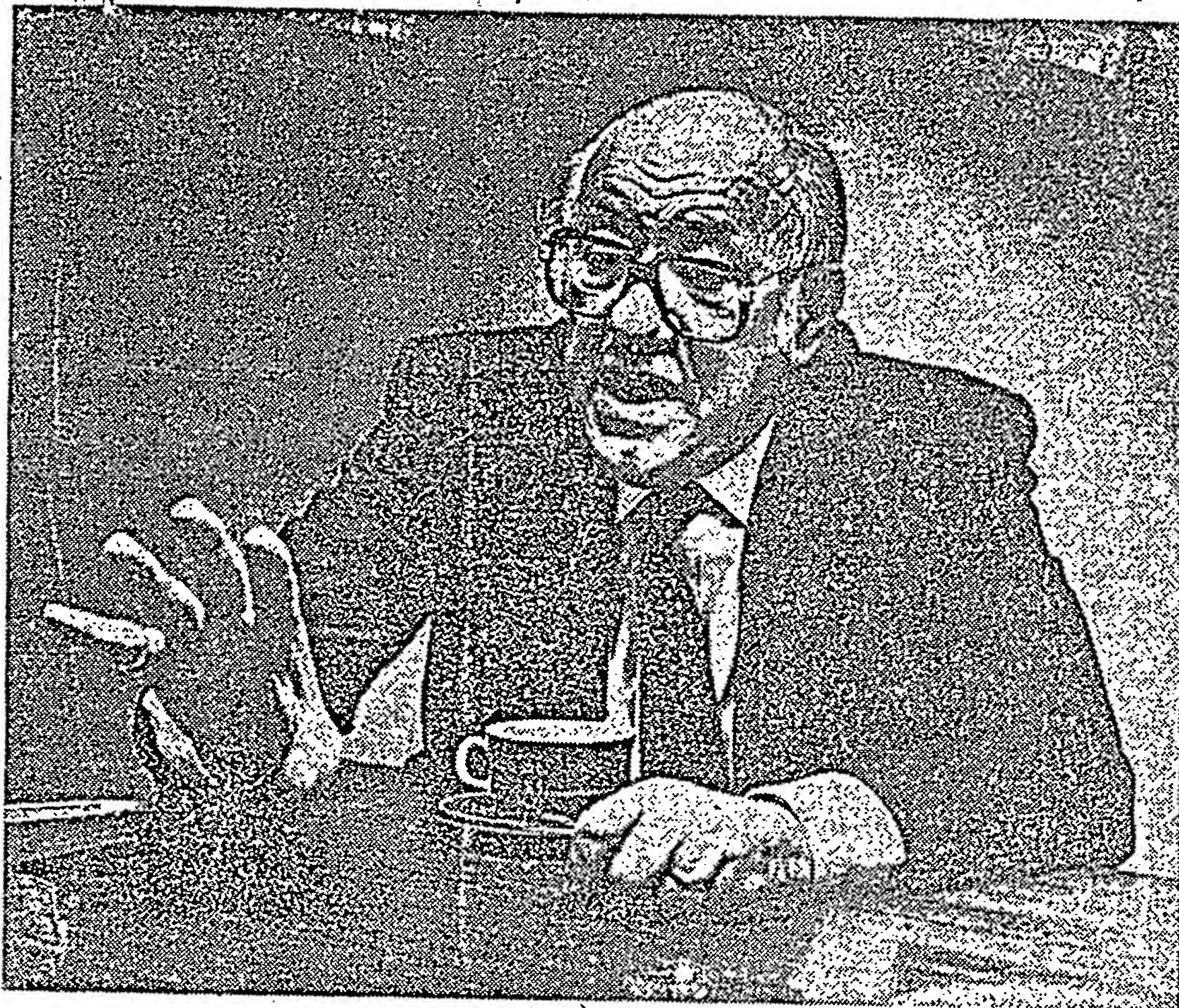
Another guarantee that went bad has forced Marad to pay \$13 million owed to Chemical Bank of New York. The debt was incurred by American Atlantic Shipping Inc. to build three small cargo vessels in 1979 and 1980. The company, reportedly squeezed out of some Latin American freight routes by the national shipping lines of South American nations, couldn't make its payments, and Chemical called the loan.

The ships now are part of the National Defense Reserve Fleet, which is parked on the James River in Virginia.

PROMOTED . . . Thomas W. Pross, a Merchant Marine Academy graduate who has worked at Marad since 1960, has been appointed associate administrator for shipbuilding and ship operations. Pross was formerly director of the office of shipbuilding costs.

—Thomas P. Lippman

100-204-78



Indicate page, name of newspaper, city and state.)

Washington Post

Washington DC

Leo V. Berger, an immigrant boy who rose to shipping magnate, backs proposed changes in tanker subsidy regulations.

By Dudley M. Brooks—The Washington Post

A Classic Lobbying War Afloat

Heavy Hitters Oppose Changes in Tanker Subsidy Rules

By Thomas W. Lippman
Washington Post Staff Writer

In this corner, Capt. Leo V. Berger of Lake Success, N.Y., a basic American rags-to-riches story, an immigrant boy who rose to shipping magnate by way of a Bronx orphanage, the Merchant Marine Academy and Cornell Law School.

And in the other corner, a team of heavy hitters from the Washington establishment, including Sen. Russell Long (D-La.), Tom Boggs' law firm, Bob Gray's public relations shop, the Seafarers International Union, and Rep. Walter B. Jones, (D-N.C.), chairman of the House Merchant Marine Committee.

The U.S. Department of Transportation, which started this fight, is caught in the middle now. DOT ignited a classic Washington lobbying war by proposing to allow owners of tankers built and operated with federal subsidies to pay back the subsidies and gain access to domestic routes from which they currently are banned.

The proposal reflects the administration's long-

term policy of getting rid of subsidy programs that have been part of the merchant marine economy since 1936. But the imposing lineup of opponents say it is illegal, unwise, and unfair to shipowners who waived subsidies to sail on domestic routes.

DOT's proposal has engaged the attention of two federal courts, Congress, the entire maritime establishment, and the White House, where presidential counselor Edwin Meese heard from both sides at a recent meeting. The response has been so heavy that DOT extended by a month to May 2 the period for public comment on the proposal.

The issue is simple to Berger, a maverick independent whose Apex Marine Corp. owns nine tankers on which subsidies could be repaid: Uncle Sam would get back some \$150 million in subsidies that Apex already has received, would save another \$300 million that Apex is entitled to get, and would benefit from overall lower shipping costs because relatively new

See TANKERS, PAGE 15

Date: 4-7-83
Edition:

Title: STEAMCORE

Character:

or

Classification:

Submitting Office:

JUN 24

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A Classic Lobbying War Afloat

TANKERS, From 14

ships would replace "old clunkers" now plying the Alaskan oil route.

Berger, 62, came to the United States from his native Hungary at the age of 8. He described himself in an interview as "the best example of success in America. I was a pauper, and I became a millionaire. I'm disgusted with the other side painting me as an ogre." Berger said that he didn't ask DOT for the rule change and can survive without it. "I only want to do what's good for the country," he said.

But his opponents—major operators of tankers currently in the domestic trade, the maritime unions, domestic shipbuilders and several influential members of Congress—contend that the change would unfairly allow Berger to recover from what they call a "bad investment decision" at their expense.

In the words of Michael Klebanoff, president of Ogden Marine Inc. and of the American Maritime Association, the DOT plan would allow owners of subsidized tankers to escape a "very depressed world market to scavenge on the new Alaskan trade... an investment that has gone bad would be bailed out at the expense of the coastwise carriers who made, with their own money, what turned out to be a sounder investment."

The government pays subsidies for the construction of ships in American yards, and for the operation of U.S.-registered ships on international routes. The purpose is to enable American vessels to compete for cargo with foreign vessels built and operated at much lower costs.

But subsidized ships are not permitted to carry cargo on domestic routes, because there is no foreign competition on those routes. A law known as the Jones Act bars foreign-registered vessels from domestic traffic.

The Reagan administration has been trying to curtail the subsidy program, which at the time of Reagan's election was costing \$606.4 million a year. No money has been budgeted for construction subsidies for the past two years, no new contracts for operating subsidies have been let, and ship owners have been encouraged to trade their subsidy contracts for waivers of other restrictions. The proposed new rule is part of this campaign.

Its publication coincides with a worldwide surplus of tanker capacity caused by overbuilding of ships and declining demand for oil. As a result, ships transferred from international to domestic routes would bump into the mothball fleet some smaller, higher-cost vessels that are profitable only in a protected market.

DOT estimated that owners of 15 subsidized tankers with a total capacity of about 2.5 million deadweight tons—including Berger's—would take up the payback offer and become eligible to carry Alaskan oil to West Coast ports. DOT said some small, old tankers currently in the Alaskan fleet probably will have to be scrapped and some jobs will be lost, but it said the national economy will benefit because overall oil transportation costs would be brought down by the greater efficiency of the relatively new subsidized tankers.

A leading opponent of the change is Ran Hattena, president of Overseas Bulkships Inc., which he said owns 18 ships. Hattena said that, if only 10 subsidized tankers enter the Alaskan trade, they will "run the ratio of supply to demand well over 4 to 1. And this takes no account of 1 million tons of older tonnage already laid up for want of business."

The domestic tanker owners' war against the proposed change is being waged on several fronts:

- Fifteen members of the House Merchant Marine Committee, including Chairman Jones, and seven

members of the Senate, including Long and Virginia Republicans John Warner and Paul Trible, wrote to Transportation Secretary Elizabeth H. Dole urging that the proposed rule be withdrawn.

- The domestic tanker owners engaged Gray and Co., the well-connected public relations firm headed by Robert Gray, to stimulate opposition to DOT's proposal. One typical notice from Gray's staff said that the proposal would "contribute to the demise of the merchant marine, a crucial element in national defense."

- A group of domestic tanker owners engaged Allan A. Tuttle, of Patton, Boggs & Blow, the lobbying law firm headed by Thomas Hale Boggs, to attack the proposed rule in court.

The U.S. Supreme Court ruled in an earlier case that the government has the right to permit subsidy repayment, so Tuttle took another tack. In a lawsuit in U.S. District Court, he charged that the rule-making procedure was invalid because it should be conducted by the Maritime Administration, not by the Department of Transportation.

Government attorneys responded that this was an irrelevant argument because the Maritime Administration is part of DOT and the maritime administrator reports to Dole. The court ruled in favor of the government, but Tuttle has appealed the ruling to the U.S. Court of Appeals.

The domestic tanker owners argue that they made good-faith investments in new ships for the Alaska trade with the understanding that the rules would shelter them from their subsidized competitors.

Berger, however, said that the only ships endangered by the prospective entry of his 90,000-ton tankers are "old clunkers, the small ships. I wouldn't hurt anybody over 50,000 tons."

Page, name of
r, city and state.)

Washington
Post

4-9-83

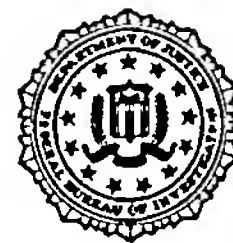
tion:
Office:

194c-304-80

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 1998	
FBI - [illegible]	

[Handwritten signature/initials across the stamp]

Memorandum



To : SAC Division II (194-304) Date May 23, 1983

From : SA [redacted] (M-12)

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Subject : STEAMCORE
HOBBS Act - CPD
BRIBERY
OO: NY

On May 18, 1983 WRITER and Criminal Investigator [redacted] EDNY, searched the records of the Federal Elections Commission regarding the campaign contributors in the election of Mario Biaggi, Congressman 10th District, New York. Contributions were searched for PACs and individually, with specific attention to District II MEBA - AIO, AFL/CIO, INTERNATIONAL LONGSHOREMEN'S ASSOCIATION and BERGER'S individual contributions or related corporate contributions for the election years 1977-1982. (See 1A)

On same date, writer searched the Federal REGISTER 1975-1981, library of Congress regarding the Merchant

2

Marine and Fisheries Committee
which revealed the following:

1975 Committee Chairman: Lenor Sullivan
Subcommittee:

Biaggi
Chairman Coast Guard
Member: NMIF Sub

Panama Canal

Murphy

Chairman: Oceanography
Member: Coast Guard

NMIF Sub

Panama Canal

1976 Committee Chairman: Lenor Sullivan
Biaggi

Member: Coast Guard
Fisheries & Wildlife
Oceanography

Murphy

Chairman Coast Guard

Member Sub NMIF

Panama Canal

1977 Committee Chairman: John Murphy
Subcommittee:

Biaggi

Chairman: Coast Guard

Member: Fisheries + Wildlife Conservation

Subcom MM & F

Ad Hoc Training

Murphy

Chairman: Subcom MM & F

Member: Ad Hoc Continental Shelf

1978 Committee Chairman: John Murphy
Subcommittee:

Biaggi

Chairman: Coast Guard

Member: MM & F

Ad Hoc Maritime Education

Murphy

Chairman: Subcom MM & F

Member: Ad Hoc Outer Shelf

* Lawrence Beuser served as Majority Staff Member in 1978.

1979 Committee Chairman: John Murphy
Subcommittee:

Biaggi

Chairman: Coast Guard
Member: Sub NMIF
Panama

Murphy

Chair Sub NMIF

1980 Committee Chairman: John Murphy
Subcommittees

Biaggi

Chairman Coast Guard
Member: NMIF
Panama

Murphy

Chairman NMIF

1981 Committee Chairman Walter B Jones
Subcommittee

Biaggi

Chairman: NMIF
Member Coast Guard

Winter and Criminal Investigator
[redacted] queried the Legislation
Computer, Library of Congress, Washington
for legislation introduced by either
Biaggi or Murphy specifically relating
to stipulations regulations etc which
would directly or indirectly effect the
Berger/Hess affiliation. (See 1A).

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TITLE: STEAMCORE
HOBBS ACT - CPO
BRIBERY
OO: NEW YORK
FILE: NY 194-304
CASE AGENT:
SUPERVISOR:

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- I. DATE INVESTIGATION BEGAN: 4/16/82
- II. TYPE OF INVESTIGATION: GCI
- III. DATE OF FBIHQ/DEPARTMENTAL APPROVAL: NYO teletype to FBIHQ
8/22/82, which converted
preliminary inquiry to
full investigation.
- IV. DATE INVESTIGATIVE AUTHORITY EXPIRES: N/A
- V. BASIS OF INVESTIGATION: In its broadest sense, this case
concerns waterfront related corruption.
Investigation has focused on Northeast
Marine Terminal (NMT), Brooklyn, N.Y.,
which is currently in Chapter XI
Bankruptcy proceedings in the EDNY.
The predicate for investigation centers
on apparent bankruptcy fraud by NMT
principals.

Our investigative interest was triggered by allegations that payoffs were made by Avon Steamship, Long Island, through the Marine Engineers Beneficiary Association (MEBA), Washington, D.C. union officials, government officials and ultimately to Congressman MARIO BIAGGI, 10th Congressional District, Bronx, N.Y., in order to secure federal maritime subsidies.

Avon and NMT are linked through interlocking business interests of principals/employees of both concerns. Additionally, NMT is tied closely with

194C-304-81
Dr

O'Shea

- VI. MAJOR OBJECTIVES:
- 1) Will identify and prepare for prosecution of federal bankruptcy violations for use as a leverage against principals of Northeast Marine Terminal.
 - 2) Will identify the intimate association between Northeast Marine Terminal and specific NYC officials; as that relationship concerned the repeated debt restructuring of their long term lease held by the Department of Ports and Terminals.
 - 3) Identify the method by which Avon Steamship Company and Hess Oil utilized MEBA as a conduit with the expectation the acquisition of Federal Maritime subsidies and exclusive shipping routes were assured.

VII. PROSECUTIVE OPINION:

The facts of this investigation were discussed on 8/10/82 with [REDACTED] b6
[REDACTED] Chief of Economic Crimes Unit b7C
EDNY. AUSA [REDACTED] EDNY b7D
currently assigned.

VIII. MILESTONES COMPLETED

- 1) Have obtained the cooperation of NMT
[REDACTED]
who have provided detailed financial information with respect to the bankruptcy fraud.
- 2) Have identified long term lease agreements of fixed assets utilized as a method to conceal Northeast Marine Terminal assets at a time prior to bankruptcy.
- 3) Have identified undisclosed NMT ownership and/or investment in Liberian and Panamanian vessels. The financial arrangements for the purchase and operation of these vessels have been determined to be intimately associated with equipment leasebank agreements.
- 4) Have identified the existence of an undisclosed philanthropic foundation owned by certain principals of NMT believed to be a material method of cash generation washed through a corporate contribution account.
- 5) Have reviewed Federal Election Board records, Wash. D.C., which revealed MEBA as one of the primary contributors to MARIO BIAGGI'S campaigns.
- 6) Have identified the organizational framework of the various Maritime committees and vehicles by which federal subsidies are obtained.

- IX. MILESTONES ANTICIPATED:
- 1) Federal Grand Jury presentations scheduled for August, 1983.
 - 2)
 - 3) Will further identify Chapter XI creditors who may have been solicited or coerced into participating in the bankruptcy scheme.
 - 4) Will further investigate financial transactions within the notes payable shareholders account from inception to liquidation.

X. UNUSUAL INVESTIGATIVE
TECHNIQUES EMPLOYED/ANTICIPATED:

XI. MANPOWER ANTICIPATED: One to three Special Agents depending upon whether cooperation may be obtained from other targets. It should be noted that AUSA has resigned and was replaced by AUSA

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/1/83

[redacted] Office of the
Chief Counsel, Maritime Administration, United States Department
of Transportation (USDOT), Washington, DC was interviewed by
Special Agent (SA) [redacted] Federal Bureau of Investigation
(FBI) and Criminal Investigator [redacted] Eastern District
of New York. [redacted] voluntarily provided the following infor-
mation:

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[redacted] advised that in 1970, Congress amended the
Merchant Marine Act of 1936, which established various progress
designed to foster and maintain the American Merchant Marine
industry. Two of the key programs created by the act provides
for the payment of operating differential subsidies (ODS) and
construction differential subsidies (CDS).

[redacted] advised that the ODS program's objective is
to equalize the disparity in operating costs between American
ships and their foreign competitors with respect to the wages
of officers and crews. The Maritime Subsidy Board, acting as
a representative of the Secretary of Commerce, is authorized to
enter into ODS contracts for either liner or (dry) bulk carrier
operators. He advised it is unlawful for any contractor receiving
ODS to own (either directly or indirectly), charter or operate
any foreign flag ship which competes with an American flag ship
or participates in domestic trade. [redacted] advised, the act
provides for a waiver from these prohibited activities, in certain
cases.

Construction differential subsidies are defined as the
difference in costs between having a ship constructed in a foreign
ship yard and having the same ship constructed in a United States
shipyard. He advised that to be eligible for CDS vessels must be
rebuilt in United States (US) shipyards, owned by US Citizens and
operated under the nations foreign commerce.

[redacted] advised that prior to August 6, 1981 the
Maritime Administration (MARAD) was under the Department of
Commerce (after 8/6/81, Department of transportation). He
advised that MARAD has responsibility for the promotional activities
of the shipping business, the Merchant Marine Academy, port

Investigation on 5/18/83 at New York, New York File # NY 194C-304 -82

by SA [redacted] Date dictated 5/18/83

NY 194C-304

development and Maritime a subsidies.

[redacted] advised that the Maritime Subsidy Board (MSB), within MARAD, awards amends and terminates contracts subsidizing the construction and operation of US flag vessel's in the foreign commerce of the US.

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b7C

[redacted] advised that the Federal Maritime Commission (FMC) is an independant regulatory body whose five commissioners are appointed by the President. FMC'S primary concern is the regulation of the shipping industry as opposed to the promotional aspect.

The Merchant Marine and Fisheries Committee is a committee of the House of Representatives with legislative responsibilities and oversight Maritime areas, Ports, coast guard, Panama Canal etc. He advised that the ammendment to the 1936 Merchant Marine Act had to be introduced by a member of the committee.

[redacted] advised that Captain LEO BERGER is presently pushing to pay back ODS and CDS which he received; and then, subsequently gain access to domestic routes from which he is currently banned. This has caused a tremendous amount of controversy specifically with respect to the ship owners participating in domestic trade routes.

Unions' Booming \$100,000-a-Year "Club"

Teamsters' chief leads the pack as pay of more major labor leaders climbs above the six-digit level.

The highest-paid national-union president in the country is the head of the Teamsters.

As boss of the nation's largest union, the Teamsters president earns a base salary of \$225,000—not including expenses and cash allowances—a figure comparable to that paid many top corporate executives.

Others in the upper reaches of union pay include leaders of the Air Line Pilots, Major League Baseball Players and Marine Engineers associations.

Every one of these leaders gets more than just a base salary.

Extras, including \$16,620 for hotels and restaurants, pushed total compensation in 1982 to \$780,500 for Roy L. Williams, the former Teamsters chief who was forced to resign in April to avoid imprisonment while he appeals his conviction for conspiring to bribe a U.S. senator.

Most of that total was paid for legal expenses to defend Williams against charges that he and four other men tried to bribe former Senator Howard Cannon (D-Nev.) to scuttle legislation to deregulate the trucking industry. Cannon was not charged, but later, partly because of publicity about the case, lost a bid for re-election to a fifth term.

The details of union leaders' compensation come from the latest *U.S. News & World Report* survey of the financial statements that unions are required by law to file with the Department of Labor.

Six-figure earners. Although the presidency of the 1.8-million-member Teamsters receives the most, many other unions have boosted compensation for their leaders in recent years so that they also can now count on incomes in six figures.

As the table on this page shows, all of the 25 highest-paid union heads at last count received more than \$100,000 from their organizations in salaries, expenses and cash allowances—up from 22 two years earlier and only 12 four years ago.

In the case of the Teamsters, Williams's straight salary jumped by \$61,297 between 1981 and 1982, while

his total compensation, including expenses, increased by \$599,297.

His successor, Jackie Presser, is getting the \$225,000 salary as well as income from other leadership positions he holds. Presser is paid \$42,500 by the

Ohio Conference of Teamsters, \$58,900 by Joint Council 41 and \$208,000 by Cleveland Local 507.

Together, these jobs in his home region produce earnings of \$309,497, leaving Presser in his new national role with a combined income of \$534,497 a year—not including expenses.

Presser is considering downward "adjustments" in his total pay to reflect his multiple positions "but has not yet decided what he will do," according to a spokesman.

The second-highest-paid union job,

What Top Union Leaders Earn

	Salary	Allowance	Expenses	Total
1. Roy L. Williams, Teamsters*.....	\$225,000	\$ 3,650	\$551,850	\$780,500
2. John J. O'Donnell, Air Line Pilots*†	\$163,701	\$28,000	\$ 40,311	\$232,012
3. Marvin J. Miller, Baseball Players*†	\$165,736	—	\$ 37,299	\$203,035
4. Jesse M. Calhoon, Marine Engineers	\$191,250	—	\$ 5,335	\$196,585
5. William H. Wynn, Food and Commercial Workers	\$135,625	\$13,250	\$15,483	\$164,358
6. J. C. Turner, Operating Engineers ...	\$124,288	\$23,300	\$13,420	\$161,008
7. Edward T. Hanley, Hotel and Restaurant Employees	\$110,000	\$15,820	\$23,129	\$148,949
8. Richard I. Kilroy, Railway Clerks	\$120,000	—	\$27,880	\$147,880
9. Thomas W. Gleason, Longshoremen's Association	\$126,744	\$12,804	\$ 8,007	\$147,555
10. Shannon J. Wall, Maritime Union ...	\$136,397	—	\$ 9,457	\$145,854
11. Martin J. Ward, Plumbers*	\$105,000	\$34,100	—	\$139,100
12. S. Frank Raftery, Painters	\$ 99,336	\$18,250	\$19,854	\$137,440
13. Robert A. Georgine, AFL-CIO Building & Construction Trades	\$107,212	\$16,410	\$ 7,986	\$131,608
14. Angelo Fosco, Laborers†	\$121,000	—	\$ 8,013	\$129,013
15. John H. Lyons, Iron Workers	\$ 87,635	\$29,820	\$ 9,822	\$127,277
16. John T. Joyce, Bricklayers	\$ 90,687	—	\$36,010	\$126,697
17. Edward J. Carlough, Sheet Metal Workers	\$ 84,000	\$39,895	—	\$123,895
18. Lane Kirkland, AFL-CIO	\$112,115	—	\$ 8,482	\$120,597
19. Jerry Wurf, State, County, Municipal Employees*†	\$100,625	\$ 7,200	\$ 8,904	\$116,729
20. Lloyd McBride, Steelworkers	\$ 91,430	—	\$21,583	\$113,013
21. John J. Sweeney, Service Employees	\$ 98,411	—	\$14,001	\$112,412
22. Sol Chaikin, Ladies' Garment Workers†	\$ 82,478	—	\$28,037	\$110,515
23. John DeConcini, Bakery Workers	\$ 85,099	\$ 2,600	\$18,896	\$106,595
24. Albert Shanker, Teachers	\$ 95,996	—	\$ 7,079	\$103,075
25. Patrick J. Campbell, Carpenters	\$ 92,360	\$ 9,275	—	\$101,635

*No longer in office, or deceased.
†Figures are 1981—latest available.

USNAWR—Basic data: U.S. Dept. of Labor

according to the survey, is with the 34,000-member Air Line Pilots Association. Former President John J. O'Donnell's earnings in 1981, the latest recorded, reached \$232,012, including expenses and allowances. O'Donnell's salary increased by \$52,003 from 1980 to 1981.

A spokesman for the union says a formula tied to the salary of the highest-paid pilot in the association, plus an additional amount for the president's job, will determine the pay this year of O'Donnell's successor, Henry A. Duffy, who took over late in 1982.

Voluntary reduction. Third on the list is the job of executive director of the Major League Baseball Players Association, the union's highest-ranking figure. Marvin J. Miller, since retired, drew a salary of \$165,736 from the position in 1981, the latest year for which the union has filed a report. Payments for expenses pushed this to \$203,035.

According to the report, Miller's agreement with the union provided for an annual salary in 1981 of \$175,000, plus a cost-of-living adjustment of \$15,000, an overall total of \$190,000.

Because of the baseball strike that year, Miller voluntarily relinquished \$24,264, reducing his pay to \$165,736. The union's executive board voted, however, to provide him an all-expense, one-month vacation, which he

took in October, 1981, "in recognition of his service to the association" during the strike.

The 50-day players' strike cost the union in other ways, according to its filing. Players who were on the road when the strike began were flown back to their home cities at a cost of \$85,000, contract-negotiation expenses reached \$286,000 and outside legal fees totaled \$88,000.

The union also lost \$135,000 in dues during the strike, forcing it to allocate \$387,000 in licensing revenues as special dues to defray negotiation costs.

In 1982, Miller's agreement called for his salary to equal the authorized amount of \$190,000 payable for 1981, plus another cost-of-living adjustment not to exceed \$15,000, for a maximum total of \$205,000.

His successor, Kenneth Moffett, who assumed office this year, will be paid less, however, according to a spokesman. Moffett is expected to receive a base salary of \$135,000.

The level of pay for the baseball job runs counter to the survey's general finding that compensation at the top is greatest at the biggest unions.

The reason is that players in the 1,000-member baseball union earn far more than rank-and-file members of other unions. Average compensation now amounts to \$280,000.

By contrast, members of the United Farm Workers union are among the lowest paid of any organized workers, and their president's salary reflects that. Cesar Chavez drew a salary of just \$7,445 from the union in 1982—up from the pay he received the previous year of only \$2,840.

Another exception is the job of president of the 1.1-million-member United Auto Workers Union. Although it is one of the most powerful and influential unions in the country, its top official earns far less than counterparts at much smaller unions.

In 1982, former UAW President Douglas Fraser drew a salary of \$73,056 and expenses of \$14,057, for a total of \$87,113—not enough to rank him among the best paid.

Linked to success. For Owen Bieber, who succeeded Fraser as head of the union in April, the president's pay will be frozen at \$74,894 until June, 1985, to reflect static wage levels among the union's rank and file under current contracts.

The freeze action was taken by UAW delegates to the union's just concluded constitutional convention in Dallas. As a vice president of the union in 1982, Bieber was paid a salary of \$62,664, plus expenses of \$11,415, for total compensation of \$74,078.

Similarly, the salary of Steelworkers President Lloyd McBride and other officers and staff was trimmed 10.5 percent in April, in keeping with recent wage cuts for the union's members.

Newcomers to the list of the 25 highest paid are leaders of the Bakery, Confectionery and Tobacco Workers union and the Carpenters.

Bakery President John DeConcini joined the top earners on the list with \$106,595 compensation in 1982—\$18,896 of which went for expenses, including 100 percent of the cost of leasing and operating an automobile. Carpenters President Patrick Campbell got \$101,635.

Edged out of the ranking was Charles H. Pillard, president of the Electrical Workers (IBEW), whose salary and expenses totaled \$100,371—good for 26th place.

Although among the top 25 two years ago, the job of president of the National Education Association, held by Willard H. McGuire, did not pay enough to place it that high again. Including salary, expenses and allowances, McGuire's compensation was \$88,625.

As the survey shows, the highest-paying unions have crossed the \$100,000 barrier. The next milestone: \$200,000, already reached by the Teamsters. □

By CAREY W. ENGLISH

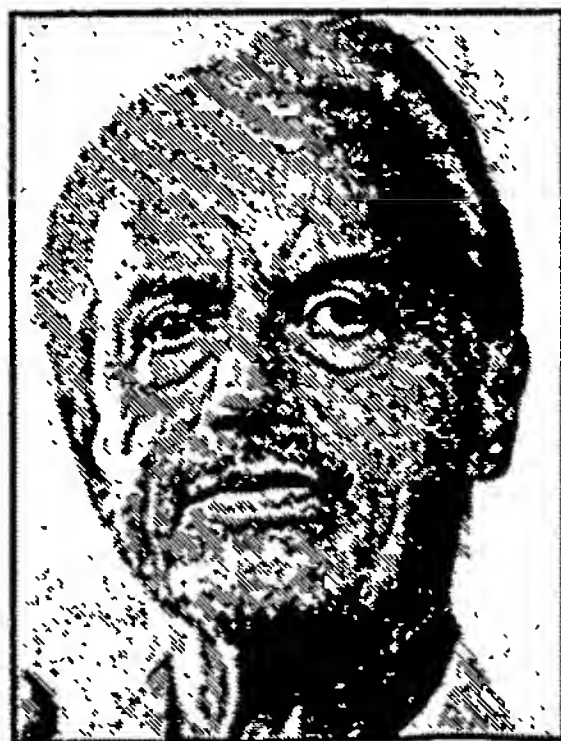
Five Union Chiefs With The Highest Compensation



Roy L. Williams
Teamsters



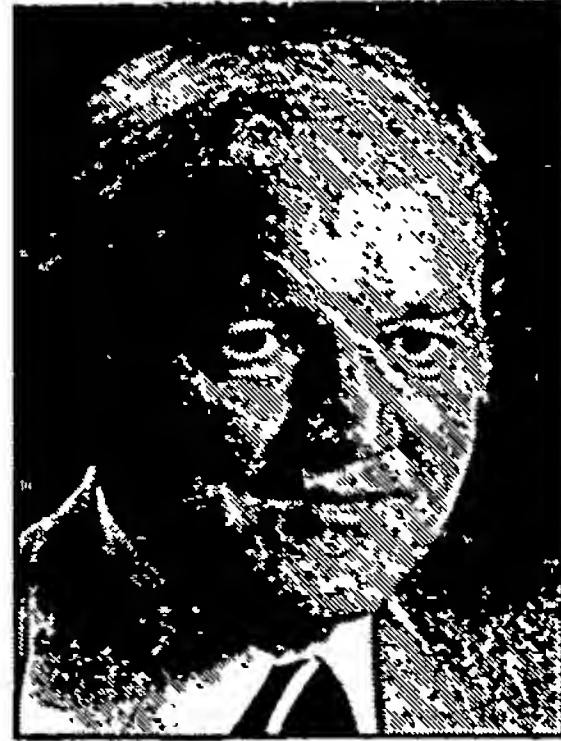
John J. O'Donnell
Air Line Pilots



Marvin J. Miller
Baseball Players



Jesse M. Calhoon
Marine Engineers



William H. Wynn
Food, Commercial Workers

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Date: June 6, 1983
Edition:

Title: Stranice

Character: 194.304
or

Classification:

Submitting Office:

FEDERAL BUREAU OF INVESTIGATION

Date of transcription
9/9/83

1

On August 30, 1983, Special Agent (SA) [redacted]
Federal Bureau of Investigation (FBI), served [redacted]
[redacted]

b3
b6
b7C

[redacted] with a Federal Grand Jury subpoena returnable
at the Eastern District of New York on September 9, 1983.

Interviewed on 8/30/83 at New York, New York

File # NY 194-304-83

By SA [redacted]

Date Dictated 9/6/83

This document contains neither recommendations nor conclusions of the FBI. .
It is the property of the FBI and is loaned to your agency; it and its
contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription
9/9/83

1

On August 30, 1983, Special Agent (SA) [redacted]
Federal Bureau of Investigation (FBI), served [redacted]
authorized to accept service on behalf of [redacted]
[redacted] with a Federal Grand
Jury subpoena returnable at the Eastern District of New York on
September 9, 1983.

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b7C

7

Interviewed on 8/30/83 at New York, New York File # NY 194-304-84

By [redacted]

Date Dictated 9/6/83

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription
9/12/83

1

On August 31, 1983, Special Agent (SA) [redacted]
Federal Bureau of Investigation (FBI), served [redacted]
authorized to accept service on behalf of [redacted]
[redacted] with a Federal Grand Jury
subpoena returnable at the Eastern District of New York on
August 23, 1983.

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Interviewed on 8/31/83 at New York, New York

File # NY 194-304-85

By [redacted]

Date Dictated 9/6/83

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It is the property of the FBI and is loaned to your agency; it and its
contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription
9/15/831

[redacted]
[redacted] was interviewed by Special Agents (SAs) [redacted]
[redacted] Federal Bureau of Investigation (FBI).

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SA [redacted] advised [redacted] that the objective of the
interview was to discuss the possibility of obtaining his
[redacted] cooperation. [redacted] was advised that a Federal
Grand Jury was convened to [redacted]

[redacted]
[redacted] advised that he recently had a falling out with
[redacted] and [redacted]
[redacted] He expressed concern that he felt intimidated by the FBI's
posture and would seriously consider the possibility of
cooperating. [redacted] advised he would get back to SA [redacted]
within two weeks.

Interviewed on 9/13/83 at Manhattan, New York File # NY 194-304-86

[redacted]
Date Dictated 9/14/83

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contents are not to be distributed outside your agency.

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 8/24/83b6
b7C

[redacted]
[redacted] was interviewed by Special Agent (SA [redacted])
Federal Bureau of Investigation (FBI), and Criminal Investigator
[redacted] Eastern District of New York. [redacted] advised
the following information:

[redacted] stated that from September of 1971 until 1975,
he held the position of [redacted] American Export
Lines.

He advised that he was offered a position with Northeast
Marine Terminal (NMT), sometime in 1977, by JOSEPH CECIRE, a long-
time friend. He advised that his responsibilities encompassed
arranging lunches for prospective clients in an attempt to attract
business to the terminal. He advised that he was paid a monthly
consulting fee of \$2,000. [redacted] advised that he could not recall
if there was any retainer agreement generated by NMT or himself
documenting his employment. [redacted] advised he primarily dealt with
JOSEPH CECIRE and [redacted] advised he was unable to
get any business for the terminal and eventually left because he
had nothing to do. [redacted] was unsure when the consulting arrange-
ment was terminated. [redacted] advised he held no other positions
while engaged at NMT.

[redacted] recalled that he was on the staff of the Merchant
Marine and Fisheries Committee for approximately eight or nine
months while engaged at NMT. He advised that he got the job
through JACK MURPHY, Congressman. He advised he was unaware of
any outside engagement restriction while serving on the staff.
He stated that General Counsel of the Committee [redacted] last name
unknown (LNU), suggested that he sell his Maritime-related stock,
even though he owned small percentages. [redacted] was unable to recall
if he declared his employment with NMT and did not think General
Counsel was aware of it. [redacted] advised that he met MURPHY through
[redacted] former Commissioner of New York Ports and Terminals.

[redacted] advised he was not aware if MURPHY wanted or had
an interest in a terminal in Puerto Rico or in Navriaros (phonetic)
de Puerto Rico. He was not aware that [redacted] was interested
in purchasing American Export Lines. [redacted] advised [redacted]

Investigation on 8/24/83 at Mahwa, New Jersey File # NY 194-304) - 87
by [redacted] Date dictated 8/24/83

NY 194-304

is a good friend. [] was not aware if [] had an interest in NMT, although he had been told by, first name unknown (FNU) [] Adherence Corp, 21 West Street, Manhattan, New York, to "stay out of the terminal, it's [] He was unable to recall when he was told this or in what context.

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[] advised that while serving on the Merchant Marine and Fisheries Committee, he conducted an economic evaluation of United States subsidized liner companies engaged in world trade. He advised he met LEO BERGER and [] through [] Maritime Administration. [] advised that he will never serve in a staff capacity again because of the "circus-like attitude of the Washington political scene."

[] advised that JESSY CALHOON, President, Marine Engineers Benevolent Association (MEBA), is very powerful, politically, in Washington, D.C. [] advised that he had heard rumors that CALHOON entertains both executives and government officials at an exclusive hunting lodge in the Carolinas.

[] was not aware if BERGER or LEON HESS had any special relationships with officials within the Maritime Administration.

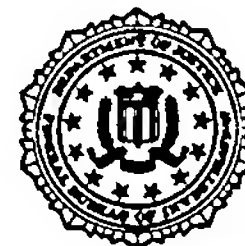
194-304-88

OCT 1983

NEW YORK

1940

Memorandum



To : SAC Division II (194-304)(P) Date October 3, 1983

From



SA



(M-12)

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Subject :

STEAMCORE
Mobbs Act - CPD
Bribery

On October 3, 1983

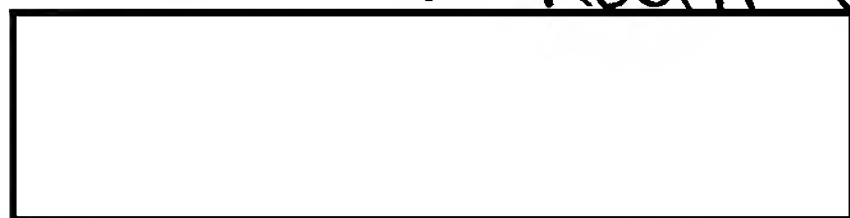


Telephone



advised that

he was appearing at the Office EDNY
On behalf of his client



advised that his client would
be amiable to speak with the writer only
after a grant of immunity, due to his
fear of criminal liability.

As a



advised that

The ultimate goal of caption investigation
was not to indict
gain his cooperation and move on.
was tentatively scheduled to appear
before Federal Grand Jury

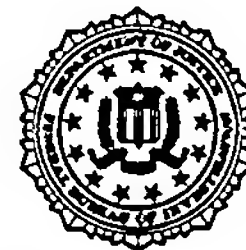


Also present

at the meeting were
and Criminal Investigator



Memorandum



To : SAC Division II (194-304).P Date Nov 9, 1983

From



SA



(U-12)

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Subject :

STEAN CORE
Hobbs Act - CPO
Bribery

Investigation in captioned matter is expected to expand upon receipt of Grand jury transcripts and subpoenas.

In view of the above, it is suggested that subfiles be created for efficiency as follows:

Sub A - Subpoenas
Sub B - Grand Jury Transcripts
Sub C - Workpapers

194-304-89

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 09 1983	
FBI - NEW YORK	

[Signature]

① 194-304 (main)
1- 194-304 (Sub A)
1- 194-304 (Sub B)
1- 194-304 (Sub C)

FEDERAL BUREAU OF INVESTIGATION

1

Date of transcription
10/4/83

[redacted] Lloyd's
Register of Shipping, 17 Battery Place, Manhattan, New York,
telephone (212) 425-8050, was interviewed by Special Agent (SA)
[redacted] Federal Bureau of Investigation (FBI). [redacted]
provided the following information.

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[redacted] advised that his company is responsible for the publication of the Register of Shipping, which chronologically publishes a vessel's history and the Register of Shipowners, which correspondingly identifies vessel owners, companies, and/or agents with various vessels. [redacted] suggested that the most resourceful source of information (for purposes of this investigation) would be the Confidential Index. [redacted] advised this is a semi-annual publication compiled by Lloyd's of London Insurance Brokers for the purposes of identifying particular ship owners who may or may not disguise their ownership or affiliations with particular enterprises and vessels. [redacted] advised that his company would be unable to provide the FBI with the Confidential Index, however, gave access to the Register of Shipping and Index of Shipowners for the years 1970 to present.

Interviewed on 9/22/83 at New York, New York

File # NY 194C-304-90

Date Dictated 9/28/83

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/7/83

On November 2, 1983, Criminal Investigator [redacted] Eastern District of New York (EDNY) advised Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI), that he had a telephone conversation with [redacted] provided the following information:

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[redacted] advised he never heard that Mrs. BERGER owned or had an interest in any foreign flag vessels. He added that he was not even aware that there was a Mrs. BERGER, therefore does not remember discussing the subject at all. [redacted] advised he had no records reflecting this ownership. [redacted] advised that the Maritime Administration is interested in "arms length" transactions. He advised he may have been notified by a statement of No Personal Financial Interest from the BERGER Organization.

On November 9, 1983, [redacted] advised that he had no recollection of any particular meeting regarding the BERGER waivers. He advised [redacted] handled and drafted the September 20, 1976 memo. [redacted] advised that it was his recollection that the \$1,000 fee charged by Avon for Allied vessels was a low figure. It was his feeling that this agreement described duties just short of an operating managing Agent. [redacted] recalled that it was questionable what Maritime Administration was going to do, and that the numbers estimated in the BERGER agreement did not look right.

Investigation on 11/2/83 at New York, New York File # NY 194C-304 9/1
by [redacted] Date dictated 11/2/83

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/14/83

On November 8, 1983, Criminal Investigator [redacted] Eastern District of New York (EDNY), advised Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI) that he had a telephone conversation with [redacted] Kominers, Fort. Schlefer and Boyer, 1776 F Street, Northwest, Washington, D.C. [redacted] provided the following information.

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[redacted] advised he had no recollection of Mrs. BERGER's ownership of foreign flag vessels. He did not meet BERGER until much after 1977. He advised that as a staff lawyer, he probably did not even attend the meetings. He advised he signed approximately 15 or 20 agreements a day indicating his department had no legal objections.

[redacted] advised that after leaving the Marine Administration and going to the Kominers Firm, Kominers issued an opinion that a wife's holdings are not material to obtain an 804 waiver.

Investigation on 11/8/83 at New York, New York File # 194C-304 *92*

by S. [redacted] Date dictated 11/11/83

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/18/83b6
b7C

On November 11, 1983, Criminal Investigator [redacted] Eastern District of New York (EDNY); advised that he had a telephone conversation with [redacted] Maritime Administration (MARAD), London, England, telephone number 011-444-499-9000 who advised the following:

[redacted] advised that he had only a vague recollection of reviewing any BERGER application, however, was not aware that Mrs. BERGER was ever identified as being an owner or shareholder. [redacted] stated that he would consider the fact that Mrs. BERGER's ownership of foreign flag vessels is very material. [redacted] advised that he maintained no records or calendars to memorialize his participation in the BERGER waiver.

Investigation on 11/11/83 at New York, New York File # NY 194C-304

by SA [redacted] Date dictated 11/16/83 93

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/18/83

On November 14, 1983, Criminal Investigator [redacted] Eastern District of New York (EDNY), advised Special Agent (SA) [redacted] Federal Bureau of Investigation (FBI), that he had a telephone conversation with [redacted] Maritime Administration (MARAD). [redacted] advised the following:

[redacted] advised that he never heard that Mrs. BERGER owned or had any interest in foreign flag ships during the period LEO BERGER was applying for a waiver under Section 804(a) Merchant Marine Act 1936. [redacted] advised he instructed [redacted] to require BERGER to disclose the owners of various foreign flag vessels. [redacted] advised MARAD never received a list of the respective vessel owners, aiding in a determination of what BERGER's relationship actually was.

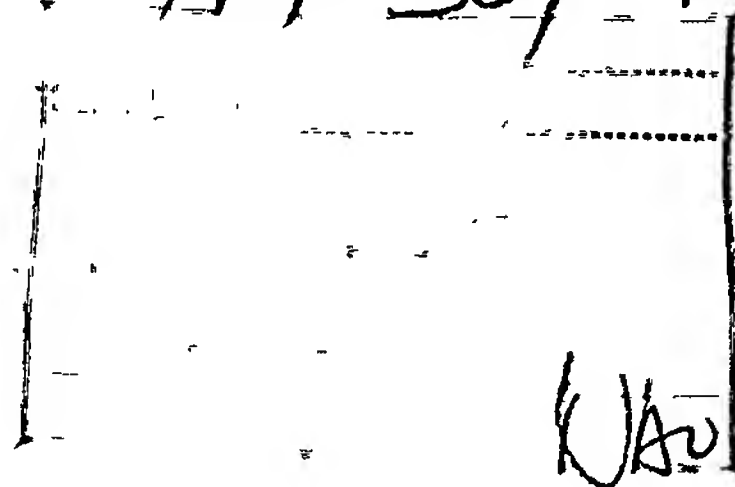
[redacted] advised that had he known Mrs. BERGER owned or had an interest in any foreign flag vessels, he probably would have rejected the waiver. He advised that after reviewing the BERGER contract, he objected to its contents as it appeared to be a management agreement between Avon and Allied.

[redacted] was cognizant [redacted] had left MARAD to go to BERGER's Organization, Avon, right after the waiver was granted. He advised that he received no indication that [redacted] was not acting in the best interests of MARAD.

Investigation on 11/14/83 at New York, New York File # NY 194C-304 94

b. [redacted] SA [redacted] Date dictated 11/14/83

194-304-95

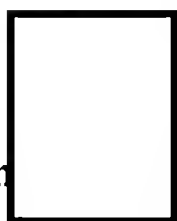


Memorandum



To : SAC Division II (194-304)-P Date 11-21-83

From



SA



(M-12)

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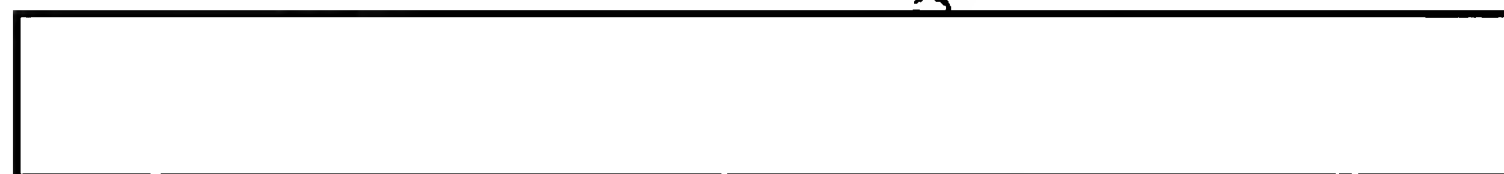
Subject :

STEDM CORE

Hobbs Act - CPO

Bribery

On 11-21-83, Writer contacted AUSA



regarding



scheduled Grand Jury
Expressed concern that



and

[Redacted box]
[Redacted box] advised Writer
that he had two trials coming up
and was extremely busy. [Redacted box]
advised that he would speak to AUSA
[Redacted box]

On 12-1-83, Writer contacted AUSA
[Redacted box] advised that he

was extremely busy and has not
recontacted [Redacted box] attorney. He
additionally advised he had to review
the case and speak to [Redacted box]

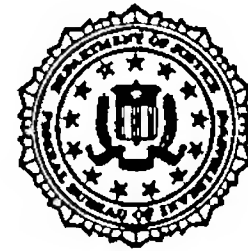
194j304-96
hr hr



b6
b7C

2

Memorandum



To : SAC Division II (194-304) P

Date

Jan 24, 1984

From :

[Redacted]

SA

[Redacted]

(11-12)

b6
b7C

Subject :

Steamcores
Hobbs Act - CPO
Bribery

The purpose of this memorandum is to discuss, what the writer perceives, as mitigating factors which have contributed to the lack of success in the captioned matter, to date:

Notwithstanding the fact that between 8/82 to present, three different Assistant United States Attorneys have been assigned to the case, all three have exhibited different prosecutive philosophies. The predicate for this investigation had centered on allegations of bankruptcy fraud by NMT principals. After an extremely thorough and lengthy examination of the books and records of Northeast Marine Terminal, a high percentage of the initial allegations had been substantiated as numerous financial inconsistencies had been identified. It was assumed that the prosecutive objective of these

findings would be used as leverage
 against [redacted] of NMT, specifically [redacted]

b3
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Approximately one year into the investigation (and three AUSA's later), it was strongly suggested that the prosecutive direction should be changed with emphasis on Avon Steamship (as opposed to NMT) with primary use of the Federal Grand Jury Process. Although writer reluctantly agreed (keeping the long term benefits in mind), she reiterated her interests that Grand Jury questions include [redacted]

On approximately 9-13-83, writer and SA [redacted] approached [redacted] in an attempt to gain his cooperation. Based upon the results of [redacted] responses combined with informant information, the writer felt there was a high likelihood that [redacted] would cooperate. [redacted]

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b7D

Occasion, b. Eastern District

FEDERAL BUREAU OF INVESTIGATION

Turkey

he was unable to meet the Service.
While the writer is not ruling out
any investigative mistakes she may
have made (in the interest of being objective)

4
The lack of momentum and
apparent disinterest has irreversibly affected
the direction of the case. Although the
writer remains cautiously optimistic,
prosecution as a logical conclusion
of this case, seems skeptical.

TRANSMIT VIA: Airtel
CLASSIFICATION: Unclas

DATE: 2/8/84

FROM: Director, FBI

TO: SAC, New York (194-304)

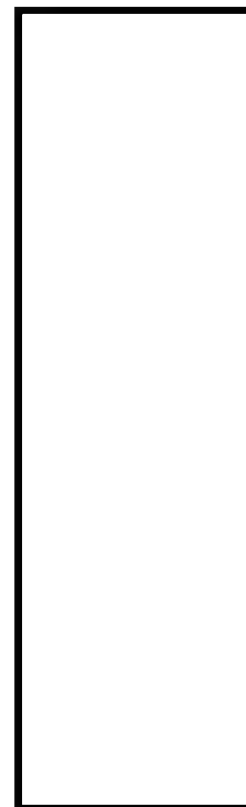
STEAMCORE, HOBBS ACT - CPO; BRIBERY
OO: NEW YORK (NY)

Review of FBIHQ files reveal that the last communication submitted on captioned matter was dated 5/13/83. Therefore, current developments and status of investigation are unknown to FBIHQ.

New York is directed to forward within 30 days an airtel with a brief LHM (original and three copies) suitable for dissemination to the U. S. Department of Justice, updating this matter including a prosecutive opinion.

In the event this investigation is in a closed status, submit closing communication to include LHM outlining allegations received, summary of investigation, and prosecutive opinion.

Tpls
SD 3/1
BD 3/14
ml
J



194-304-97
lc
ls



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b7C

X AIRTEL

APR 2 1984

TO: DIRECTOR, FBI
FROM: ADIC, NEW YORK (194C-304) (M-12)
SUBJECT: STEAMCORE;
HOBBS ACT - CPO;
BRIBERY;
(OO: NY)

Enclosed for Federal Bureau of Investigation
Headquarters (FBIHQ) are the original and three copies of an
LHM captioned as above.

Contact will be maintained with Eastern District of
New York. Significant developments will be forwarded to
FBIHQ.

2 - Bureau (Encls. 4)
① - New York
1 - Supervisor (M-12)
NO:pam
(4) *pam*

194-304-100
[Handwritten signatures and initials]



b6
b7C

New York, New York
APR 2 1984

Steamcore;
Hobbs Act - Corruption of
Public Officials;
Bribery

This investigation was initiated based on information developed by the New York Federal Bureau of Investigation (FBI) Office that indicates significant payoffs may have been made by Avon Steamship Company to a New York Congressman, other government and union officials in order to obtain Federal Maritime subsidies.

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b7C
b7D

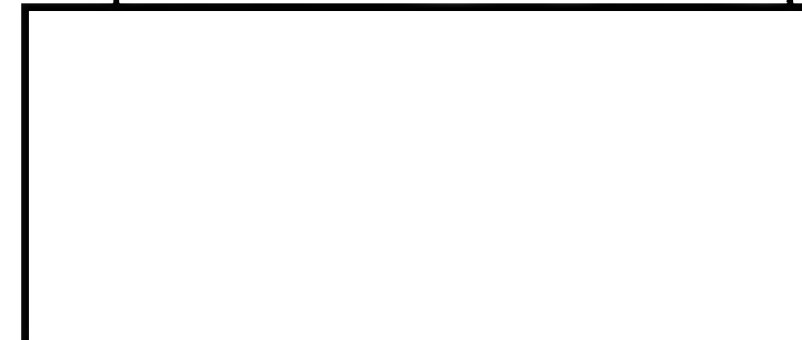
Information in possession of the FBI, New York,

Information has been developed that

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4 - Bureau
① - New York (194C-304)

NO: pam
(5)



Steamcore

b6
b7C
b7D

[REDACTED]

Interviews of [REDACTED] combined by research of the Llyods Confidential Ship registry have revealed the existence of undisclosed ownership by Berger and [REDACTED] in Liberian, Panamanian and Greek vessels, under the auspices of Allied Corporation. The intimate relationship between Avon and Allied appears to have been manipulated so as to circumvent the Maritime Administrations disclosure requirements of vessel ownership. The interviews have suggested that this information would have been considered a material fact effecting the granting of Avon waivers under Section 804 (a) of the Merchant Marine Act of 1936. Shortly after the granting of Avon applications, a Maritime Administration official (influential in Avon approval process) left to assume a position with Berger's company.

On February 21, 1984, the facts concerning this matter were discussed with Assistant United States Attorney (AUSA) [REDACTED] Eastern District of New York. Based on the facts presented [REDACTED] expressed a positive prosecutive interest upon the development of facts, which enhance and thereafter substantiate the allegations, surrounding this matter.

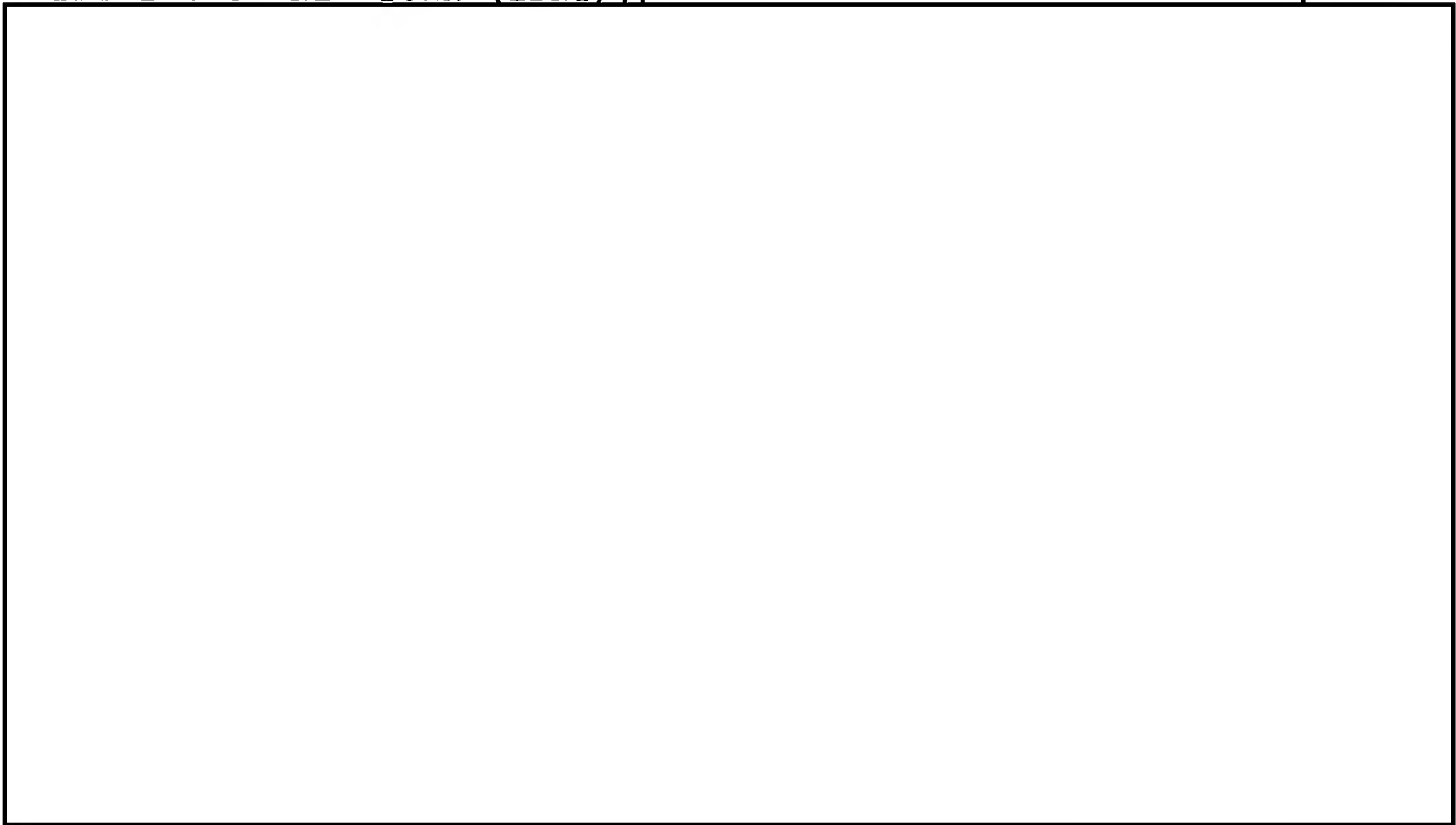
WMM:jb

1

On [redacted] provided the following
information to Special Agent (SA) [redacted]

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b7D

Source learned that [redacted]
[redacted] the FEDERAL BUREAU OF INVESTIGATION (FBI)
and the United States Attorney's (USA's) office in the EASTERN
DISTRICT OF NEW YORK (EDNY), [redacted]



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SERIALIZED FILED
JUL 1964

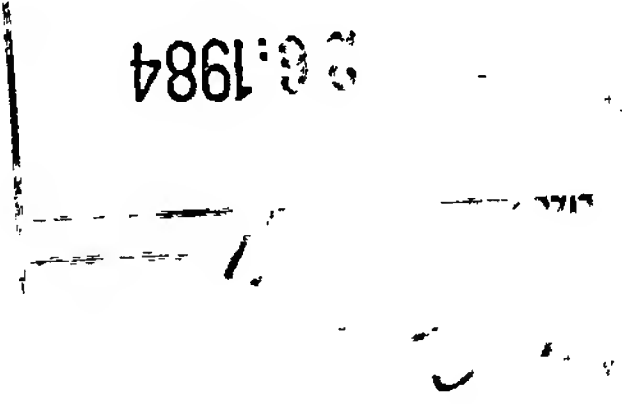


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26:1984



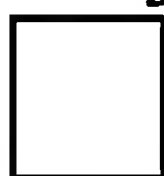
Memorandum



To : SAC Dinsion II (194c 304)(P) Date

Sept 21, 1984

From



SA



(c-12)

b6

b7C

Subject :

STEAMCORE

Hobbs Act - CPO

Bribery

OO: NY

On September 21, 1984 Assistant United States Attorney [redacted] Eastern District of New York, Strike Force, telephonically contacted writer. [redacted] advised writer that he is presently looking into various aspects (financial and Organized Crime) of the ILA Pension and Profit Sharing fund. During the course of the investigation, numerous references to Northeast Marine Terminal have come to their attention.

Writer advised [redacted] that due to problems with Eastern District's prosecutive interest, she was contemplating closing the case. Writer advised aUSA [redacted] that she would be happy to meet with him and answer questions which would help the Strike Force's intelligence base. A meeting was scheduled.

Memorandum



To : SAC Division II (194-304)(P) Date October 26, 1984

From : SA [redacted] (C-12)

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b7C

Subject: Steamcore
Hobbs Act - CPD
Bribery
OO: NY

On October 26, 1984, Assistant United States Attorney [redacted] Eastern District of New York advised that he had been in contact with AUSA [redacted] regarding an exchange of information between the Strike Force and the FBI. [redacted] advised that he would request disclosure for Grand Jury information exchange inasmuch as there were New York City Detectives involved in the investigation. [redacted] advised he would advise as to the disclosure request.

194-304-103

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AD

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

New York, New York

DEC 3 1934

LEON HESS;
AMARADA HESS CORPORATION;
1185 Avenue of the Americas
New York, New York

Information in the possession of the FEDERAL BUREAU OF INVESTIGATION (FBI) indicates significant payoffs may have been made by AVON STEAMSHIP COMPANY (ASC) to a New York Congressman and MARINE ENGINEERS BENEVOLENT ASSOCIATION UNION (MEBA) in order to obtain Federal maritime subsidies [REDACTED]

b7D

[REDACTED] LEON SHAPIRO [REDACTED] LEON HESS [REDACTED]

[REDACTED] The investigation to date has failed to substantiate the above allegations.

Information developed revealed HESS has an oil refinery operation in St. Croix (United States territory). HESS secured an executive order exempting him from using United States (US) flagships to transport oil (from St. Croix to US mainland). Allegedly, bills were brought before Congress to revoke the exemption. The charter arrangement between ASC (APEX subsidiary) and HESS reportedly diffused congressional action.

- 4 - Bureau (194-3087)
① - New York (194C-304)

NAO:eac
(6)

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

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194-304-106

LEON HESS;
AMARADA HESS CORPORATION
1185 Avenue of the Americas
New York, New York

On November 15, 1984, [REDACTED] Assistant
United States Attorney (AUSA), Eastern District of New York
(EDNY), advised it was unlikely that LEON HESS would be
prosecuted for anything related to the "Steamcore" investigation.

b6
b7C

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

DEC 3 1984

TO : DIRECTOR, FBI

FROM : ADIC, NEW YORK (194C-304) (p-12)

SUBJECT: STEAMCORE;
HOBBS ACT - CPO;
BRIBERY

Enclosed for the Bureau are the original and three
copies of an LHM, captioned as above.

2 - Bureau (Encls. 4)
① - New York

NAO:eac
(4)

194C-304-107

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FBI - NEW YORK	

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

New York, New York
December 17, 1984

STEAMCORE
HOBBS ACT - CORRUPT PUBLIC OFFICIAL
BRIBERY

Information in the possession of the FEDERAL BUREAU OF INVESTIGATION (FBI) indicates significant payoffs may have been made by AVON STEAMSHIP COMPANY to a New York Congressman and MARINE ENGINEERS BENEVOLENT ASSOCIATION UNION (MEBA) in order to obtain Federal maritime subsidies. [REDACTED]

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[REDACTED]
LEON SHAPIRO [REDACTED]

LEON HESS [REDACTED]
[REDACTED]

In the absence of further developments to obtain evidence of violations of federal criminal law, this matter is being closed.

On December 10, 1984, Assistant United States Attorney [REDACTED] Eastern District of New York, concurred that the matter lacked prosecutive merit.

194-304-108

[REDACTED]

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

JAN 2 1985

TO : DIRECTOR, FBI
(ATTN: PUBLIC CORRUPTION UNIT)

FROM : ADIC, NEW YORK (194C-304) (C) (C-12)

SUBJECT: STEAMCORE
HOBBS ACT-CPO;
BRIBERY
(OO:NY)

Enclosed for the Bureau are the original and three
copies of an LHM, captioned as above.

2-Bureau (Encls. 4)
1-New York

NAO:mjw
(4)

194-304-199



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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

26 Federal Plaza
New York, New York

JAN 31 1985

Honorable Raymond Dearie
United States Attorney
Eastern District of New York
225 Cadman Plaza
New York, New York 10007

Attention: [REDACTED]

Assistant United States Attorney

Re: Steamcore
Hobbs Act - Corruption of a
Public Official;
Bribery

Dear Sir:

Information in the possession of the Federal Bureau of Investigation indicates significant payoffs may have been made by Avon Steamship Company to a New York Congressman and Marine Engineers Benevolent Association Union (MEBA) in order to obtain Federal maritime subsidies. [REDACTED]

[REDACTED]
[REDACTED] Leon Shanico
[REDACTED] Leon Hess [REDACTED]

The investigation to date has failed to substantiate the above allegations.

In the absence of further developments to obtain evidence of violations of federal criminal law, this matter is being closed.

2-Addressee

①-New York (58A-2506)

NAO:dab
(4)

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On December 10, 1984, Assistant United States Attorney
[redacted], Eastern District of New York, concurred that the
matter lacked prosecutive merit.

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Very truly yours,

LEE F. LASTER
Assistant Director in Charge

[redacted]
Supervisory Special Agent

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

DATE: JUN 13 1990

TO : DIRECTOR, FBI
(ATTN: SYSTEMS ANALYST [REDACTED])
INVESTIGATIVE SUPPORT SYSTEMS UNIT (ISSU), SDS)

b6
b7C

FROM : ADIC, NEW YORK (194-304) (M-12)

SUBJECT: STEAMCORE;
HOBBS ACT - CPO
(OO:NY)

Reference FBIHQ airtel to New York, dated 5/23/90.

New York is requesting the computer printouts generated for captioned investigation be destroyed.

2-Bureau
1-New York

NO/jak
(4)
[Signature]

194B-304 - 111

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[REDACTED]